

PROMISING PRACTICES IN HOME AND COMMUNITY-BASED SERVICES

Wyoming--Individual Budgets for Medicaid Waiver Services

Issue: Equitable Method to Determine Individualized Expenditure Limits

Summary

Wyoming established individual budgets for its home and community-based services (HCBS) waivers for people with developmental disabilities (DD) to improve equity among waiver participants and increase the authority of the consumer's service planning team. The state uses a statistical analysis of state historical data on individuals' needs and services to determine individual consumers' budgets. State staff report this method of determining individual budgets is widely regarded as fair by program participants, their families, and program providers.

Introduction

Wyoming changed its method for determining home and community-based services cost limits for people with developmental disabilities (DD) in 1998 to make funding levels more sensitive to individual needs and to reduce appeals of local service planning decisions. Under the new method, the state provides each program participant with an individual budget, a maximum level of funding that varies for each consumer according to measures of his or her service needs.

This report describes Wyoming's individual budgets for its Medicaid home and community-based services (HCBS) waivers for people with DD and the statistical method used to determine individualized budgets. The report also discusses how the budgets were implemented and their impact thus far. Interviews with state staff, state documents, and reports by the National Association of State Directors of Developmental Disabilities Services, Inc. (NASDDDS) informed this document.

Background

Prior to instituting individual budgets, the state used assessment information to divide participants into five individual cost limit levels. Participants within the same funding level could have large differences in needs. For some

people, a small change in needs measured by the assessment could lead to a large difference in available funds. As a result, some consumers, families, and guardians complained to state staff or requested more funding.

Intervention

The individual budgets allow more gradual variation in participants' cost limits. Equity among participants is improved because a change in one item on the assessment is unlikely to cause a dramatic change in funding, and people with large differences in needs are less likely to have the same cost limit.

To increase local-level decision-making, the individual budgets are independent of a person's services and providers. State staff further enhance the role of local planning teams by allowing them to negotiate provider payment rates, a function the state previously performed for each service for each person. The local planning team – the waiver case manager, the participant, and other people the participant wishes to include – identifies services and providers that will help the person live independently.

One item on the assessment is unlikely to cause a dramatic change in funding.

To calculate individual budgets, Wyoming uses a method called DOORS (not an acronym). First, the state identifies factors that influence the level of support a person needs and are consistent with the state's policy that individual service costs should be independent of provider choice. These factors include living arrangement, work setting, the type of services received in the past, and functional and medical information from the assessment.

State data on these factors are included in a statistical analysis (stepwise multiple regression) to calculate the participants' individual budgets. The analysis assumes past decisions were rational and based largely on identifying services that best match individuals'

Exceptional care funds are available if the person needs more support.

needs and strengths. Stepwise multiple regression assigns weights to statistically significant factors in order to explain the

variance in individuals' waiver expenditures as much as possible. The resulting regression model is the formula for calculating budgets. Wyoming creates separate formulae for its two HCBS waivers for individuals with DD (one for adults and one for children under age 21). An additional model for adults with acquired brain injury has also been developed.

Over time, the state has modified the regression formula used to calculate individual budgets by adding or removing factors in the equation. To date, the state has used eight different versions of regression models across their different waivers. With their recent modifications for example, Wyoming dropped information about providers such as provider size and location, and added information that focuses more on unique individual characteristics. Revisions to the regression model have also improved the state's ability to predict costs. The state's regression models were able to explain only about 50 percent of the variance in costs before the implementation of the DOORS model, a number that has risen to 75 percent since implementation.

To assure accuracy, consistency, and validity of the assessment, Wyoming hires an independent contractor to perform assessments. This contractor does not provide other services for people with DD or participate in local planning teams. An independent assessor is important because many factors in the individual budget formulae are from assessment data. To avoid accusations of fraud, the state conducted a fairness study which confirmed that providers are appropriately reimbursed relative to the needs of their participants.

After the assessment, the state determines whether a person is eligible for a waiver. If so, the state calculates the person's budget and communicates it to the consumer's case manager, or Individual Service Coordinator (ISC), which the person has already selected from a list of state-approved ISCs. At the service planning meeting, the ISC informs the person and other members of the local planning team of the budget amount. The team then develops the person's service plan, which includes informal services and other payment sources as well as the person's waiver services, providers, and payment rates. The ISC provides financial guidance and monitoring to the interdisciplinary team at the planning meeting and when the team considers plan modifications and requested rate increases.

Wyoming recognizes that the individual budget is not always enough to help the person live safely in the community. A portion of each waiver's overall state budget is set aside in a reserve fund for people who need more funding than the individual budget formula predicts. The local service planning team can ask state staff to use reserve funds if it believes the person needs more support than is affordable using the individual budget. Approximately 9% of participants use reserve exceptional care funds.

Implementation

Implementation was eased by Wyoming's substantial resources for waiver services, data availability, and the low cost required to implement the innovation. The State of Wyoming consistently ranks among the top ten

states nationally in terms of per capita Medicaid HCBS waiver funding for people with DD, and currently serves over 1,700 individuals with DD. The state had already collected the data necessary to perform the regression analysis, which reduced the time and expense necessary for implementation. Implementation costs for the state were also low because Wyoming used existing staff for necessary training for providers, consumers, and ISCs. Wyoming refreshes the formulae every one to two years for both waivers, and pays a consultant under \$15,000 to calculate the individual budget formulae each time they are updated. Although Wyoming is one of the smallest states in terms of population, larger states could also use Wyoming's methods for calculating individual budgets.

Impact

Since implementing individual budgets, state staff have seen fewer requests for additional funding, and the amount of funding requested per person has decreased. State staff report high acceptance of individual budgets by providers, advocates, and participants. An intrinsic sense of fairness in connecting individual budgets to individuals may contribute to this acceptance. Also, state staff say system quality has not suffered, and the state ranked third among 22 states participating in the National Core Indicators project.

Some Discussion Questions:

The transition to individual budgets can produce winners and losers among consumers and providers. Is this result politically acceptable?

Is the development of individual client cost information to match this reimbursement model the largest challenge for waiver service providers?

An unexpected benefit of using individual budgets was a slower increase in per person costs. The waivers' per person costs did not increase as rapidly in 1999 and 2000 as they did before individual budgets were introduced. When calculating the individual budget formulae, Wyoming allocates each waiver's budget to current waiver participants and to people on waiting lists expected to join the waiver. Judicious use of the exceptional care dollars enables the state to serve the expected number of people from its waiting lists even when there are unexpected increases in some peoples' costs. The assessment of people on the waiting list has been a valuable tool in forming proposed budgets to fund the waiting lists based on an estimate of their future individual budget.

Contact Information

For more information about Wyoming's Individual Budgeted Amounts or the DOORS model, please call Dr. Jon Fortune, Deputy Administrator / Program Manager of Wyoming's Developmental Disabilities Division, at (307) 777-6488 or jfortu@state.wy.us. Information about Wyoming's services for people with developmental disabilities is available at <http://ddd.state.wy.us>.

One of a series of reports by Medstat for the U.S. Centers for Medicare & Medicaid Services (CMS) highlighting promising practices in home and community-based services. The entire series will be available online at CMS' Web site, <http://www.cms.gov/promisingpractices>. This report is intended to share information about different approaches to offering home and community-based services. This report is not an endorsement of any practice.